

EXHIBIT 1

INTRODUCTION

Respondent BJK Investments, Inc. is a California corporation, headquartered in San Francisco.

In 2002, during the first semi-annual campaign reporting period January 1, 2002 through June 30, 2002, Respondent BJK Investments, Inc. made a \$10,000 political contribution, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing Respondent’s campaign activity during the period January 1, 2002 through June 30, 2002. Respondent committed a violation of the Act by failing to file that semi-annual campaign statement.

For purposes of this Default, Decision and Order, Respondent’s violation of the Act is as follows:

Respondent BJK Investments, Inc. failed to file a semi-annual campaign statement, by the July 31, 2002 due date, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84200, subdivision (b) of the Government Code.

PROCEDURAL HISTORY

An enforcement action was initiated against Respondent BJK Investments, Inc. with a Report in Support of a Finding of Probable Cause being served on Respondent by certified mail on February 6, 2004. Along with the Report in Support of a Finding of Probable Cause, Respondent was served with documents explaining the administrative enforcement process and informing that it had 21 days in which to request a probable cause conference with the Executive Director of the Fair Political Practices Commission (the “FPPC”), and to file a written response to the probable cause report, to present any defenses that it may have. Respondent did not request a probable cause conference or file a written response to the probable cause report. On March 29, 2004, Executive Director Mark Krausse issued an Order Finding Probable Cause as to the count alleged in the probable cause report. On March 30, 2004, the Order Finding Probable Cause was served on Respondent by mail.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Pursuant to the California Administrative Procedure Act (the “APA”),² a respondent is entitled to a hearing on the merits if the respondent files a Notice of Defense within 15 days after service of the Accusation. (Section 11506.) The APA further provides that a respondent’s failure to file a Notice of Defense constitutes a waiver of the respondent’s right to a hearing. (Section 11506, subdivision (c).) Section 11520, subdivision (a) also provides that a default may be taken if the respondent fails to timely file a Notice of Defense.

The Accusation in this matter was personally served on Respondent BJK Investments, Inc. on June 30, 2004. The proof of service is attached hereto as Attachment A. Along with the Accusation, the Enforcement Division served Respondent with a “Statement to Respondent” which notified Respondent that Respondent could request a hearing on the merits and warned Respondent that, unless a Notice of Defense was sent within fifteen days of service of the Accusation, Respondent would be deemed to have waived its right to a hearing. Respondent was also served with two copies of the Notice of Defense form, a copy of the Order Finding Probable Cause, and copies of relevant APA provisions.

More than fifteen days have now elapsed and Respondent has not filed a Notice of Defense.

SUMMARY OF THE LAW

Duty to File Campaign Statements

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84215, subdivision (a) requires all major donor committees that make contributions supporting or opposing state candidates, measures, or committees to file their

² The California Administrative Procedure Act is contained in Government Code sections 11370 through 11529.

campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters of the City and County of San Francisco.

SUMMARY OF THE FACTS

According to records of the Office of the Secretary of State, during the first semi-annual campaign reporting period January 1, 2002 through June 30, 2002, Respondent BJK Investments, Inc. made a \$10,000 political campaign contribution, and thereby qualified, under section 82013, subdivision (c) of the Act, as a major donor committee.

As a major donor committee, Respondent BJK Investments, Inc. had a duty to file a semi-annual campaign statement by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002. A review of the records of the Office of the Secretary of State revealed that Respondent failed to file a semi-annual campaign statement by July 31, 2002, in violation of section 84200, subdivision (b).

As evidenced by records maintained by the Office of the Secretary of State, on or about March 5, 2002, Respondent BJK Investments made a \$10,000 campaign contribution to support the Bill Simon for Governor Committee, which it failed to disclose in a timely filed semi-annual campaign statement. By failing to timely file a semi-annual campaign statement disclosing Respondent's contribution, as set forth above, Respondent committed a violation of section 84200, subdivision (b).

According to the records of the Office of the Secretary of State, Respondent BJK Investments, Inc.'s semi-annual campaign statement for the reporting period January 1, 2002 through June 30, 2002 remains unfiled.

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000).

In this matter, Enforcement Division staff contacted Respondent BJK Investments, Inc. on multiple occasions regarding its failure to file a semi-annual campaign statement for the reporting period January 1, 2002 through June 30, 2002. Despite those contacts, Respondent's delinquent semi-annual campaign statement remains unfiled.

The facts of the case justify imposition of an administrative penalty of Five Thousand Dollars (\$5,000).